EXHIBIT "A"

Crittenden's

Insurance Markets

• *Commercial Lines*
• *Workers' Comp*

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Comp Industry Watches New Wet and Dry Codes

Look for contractors, insurers and comp agencies nationwide to study Florida's two new construction-related comp codes that are expected to settle a controversy that had been brewing in the state since January. The NCCI approved the two codes last week, which become effective July 1. These unique codes could be adopted in other states after being scrutinized by other state insurance departments, insurers and professional organizations.

The NCCI earlier this year proposed a single code for similar exposures that industry observers such as **LIG Marine Managers** President **Ian R. Greenway** warned would have placed too many divergent land and water risks into one new code. The earlier proposal would have created a new code that included residential marine contractors and heavy marine pile driving. The implication was that this would have driven up the long-term rates of residential contractors in the code, and in essence, subsidize the heavy marine contractors if the two had been placed within the same code. LIG and the Florida Marine Contractors Associations, which both criticized the first proposal, worked with the NCCI to develop the new approved codes.

One of the two codes, 6006F, covers marine pile driving, dock and seawall, jetty or breakwater and dike or revetment construction, including all operations to completion and drivers. The code's initial rate is $28.79 per $100 of payroll.

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Carriers Ride Wave of Productivity in Targeting Small Manufacturers

Expect standard markets for manufacturers package coverage to write more accounts in this segment as they latch on to forecasts that show United States manufacturing productivity nearly doubling this year to 4.5 percent. These manufacturers produced more than $186 billion in products. **ACUITY, General Casualty** and **CNA** are among the crowd of admitted insurers that target small and medium-sized manufacturers. Of 365,905 U.S. manufacturers operating today, the 296,000 factories with up to 500 employees on their payrolls are especially attractive to these commercial insurers, as are the more than 218,000 small businesses that export goods and products.

CNA is encouraging appointed agents to submit more middle-market manufacturing risks as the national carrier wants to increase its $2 billion book of business in this segment. The insurer puts the underwriting spotlight on manufacturers with less than 499 employees per account. Since last year, CNA has broadened its underwriting appetite for manufacturers.

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Possibility of Bermuda Reinsurer Acquisitions Pops Up on Radar Scope

The surge of acquisitions of European reinsurance companies could also raise the possibility of the sale of Bermuda reinsurers this and next year. A bid from **Paris Re Holdings Limited**, a consortium group of investors managed by start-up **Stone Point Capital LLC**, to buy the reinsurance operations of **AXA Group** could trigger acquisition activity surrounding struggling reinsurers with substantial treaty business on the North American continent. With global catastrophe losses projected to climb from $110 billion in 2005 to $200 billion by 2015, new entries into the reinsurance world might gamble on partial investments in or acquisitions of Bermuda and other European reinsurance companies weighed down from heavy catastrophe losses. Late last year, **Swiss Re** agreed to buy **GE Insurance Solutions** for $6.8 billion in a deal that will create the world's biggest reinsurer.

The sale of its reinsurance operations allows AXA to effectively escape the volatile United States property reinsurance market. Although AXA Re sustained a record-setting $200 million in claims stemming primarily from Hurricane Katrina, the company maintains a solid financial footing with an A rating from A.M. Best and an AA rating from S &P. AXA Re specializes in treaty and facultative reinsurance in property, natural catastrophe, casualty, automobile, marine and energy, aviation and space, special risks, credit and surety, weather covers and life.

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• Commercial Lines

Century Surety Grows California Apartment Book

Century Surety sets the stage to grow its book of California apartment building accounts with the appointment of additional producers. As the vacancy rate drops for apartment units in California — partly due to rising interest rates — standard markets like Century Surety hop on the bandwagon to increase habitational P&C market shares. Other than the state's earthquake exposures, the California commercial lines market for apartment buildings — an estimated two million units — is holding steady, and inland accounts could even see further rate declines later this year. Century Surety's increased marketing presence will challenge major California commercial P&C competitors such as **St. Paul Travelers** and **Insurance Corp. of Hannover**. These national writers see rates stable in most states except in counties bordering the Gulf and parts of the Atlantic Ocean. Established California apartment building writer **Crusader** will run into Century Surety as Crusader also plans to develop an independent agency network this year.

California generates the lion's share of Century Surety's total business volume at nearly 27 percent. Other major states for Century Surety include Florida, Michigan and Louisiana, but like its competitors, the insurer excludes wind cover for apartment buildings in counties near the coast. The Ohio-based **Procentury Corp.** subsidiary aims to grow its gross premium volume to $248 million this year after pulling in $216 million last year. The insurer also keeps a careful watch on losses after watching its combined ratio rise to 99.2 percent last year after sitting at 91.8 percent in 2004. Starting premiums for Century Surety's apartment program are $500 to $750. The minimum property deductible is $500. GL limits go to $1 million. The carrier's capacity allows for total limits up to $15 million per location.

The California market tops all other states in commercial lines production, including apartment buildings and cooperatives, for national writer St. Paul Travelers. Other top premium states for the carrier include New York, Texas, Massachusetts, Illinois and Florida. Last year, the carrier enhanced its Apartment Pac and Apartment Pac Plus by embedding equipment breakdown coverage. Product improvements and soft pricing sparked a jump in St. Paul Travelers' retention rate, which increased by 4 percent last year. The carrier offers GL limits to $1 million/$2 million. Umbrella liability limits go to $5 million. Property deductible options are $250, $500, $1,000, $2,500, $5,000, $10,000, and $25,000.

California player PGI Commercial Insurance Brokerage, under the leadership of **Richard Trezza**, uses the admitted paper of the Insurance Corp. of Hannover to provide property and GL cover for apartments. It can also place it with PGI package coverage for residential condominium associations. Property value limits go to $20 million. GL limits can reach $1 million/$2 million. Umbrella liability limits are $10 million. Property deductibles range from $2,500 to $100,000. PGI also places the coverage in Arizona, Colorado, Idaho, Nevada, New Mexico, Oregon, Utah and Washington. The broker sells its habitation program on the admitted paper of Sirius America in Illinois, Indiana, Michigan, Ohio and Wisconsin.

Crusader rarely files to adjust rates, but in all likelihood will file for a rate reduction of at least 10 percent later this year. The carrier is also in the process of developing a network of independent agents throughout the state. Crusader's broad underwriting appetite for apartment buildings includes new buildings, old buildings with updated wiring and plumbing, and even apartments buildings with inexperienced management. **Unifax Systems** operates as the carrier's managing general agency. Crusader's apartment building policy premiums begin at $500 for property, casualty and crime covers.

MARINAS

ESSEX INSURANCE CO. (A): Michael Keely, product manager, ocean marine, 4521 Highwoods Parkway, Glen Allen, VA 23060, (800) 963-7739, fax (804) 273-1435.

GREAT AMERICAN INSURANCE GROUP (A): Capt. Ed Wilmot, VP, Ocean Marine Division, 65 Broadway, 20th Floor, New York, NY 10006, (212) 510-0135.

ONEBEACON INSURANCE GROUP (A): Gregory Gutchigian, assistant VP, 77 Water St., New York, NY 10005-4488, (212) 440-6500, fax (212) 440-6689.

NEW HAMPSHIRE INSURANCE CO. (A+): David Walsh, underwriting manager, Maritime General Agency, 70 Essex Road, Box 959, Westbrook, CT 06498, (860) 399-3689, fax (860) 399-3695.

WOODWORKERS

ACUITY GROUP (A+): Ed Warren, SVP Commercial Lines, 2800 S. Taylor Drive, Sheboygan, WI 563081, (920) 458-9131.

CHUBB GROUP (A++)/PENNSYLVANIA LUMBERMEN'S MUTUAL INSURANCE CO. (A)/RSUI INDEMNITY CO. (A): Woodus Humphrey, president, Woodus K. Humphrey & Co., 7600 Fern Ave., Shreveport, LA 71105, (318) 865-2454.

CNA INSURANCE COS. (A): Jan Frank, EVP CNA North American Field Operations, 333 S. Wabash, CNA Plaza, Chicago, IL 60685, (312) 822-5000.

PENNSYLVANIA LUMBERMEN;S MUTUAL INSURANCE CO. (A): John Smith, president/CEO, 170 S. Independence Mall West, Philadelphia, PA 19106, (215) 625-9233.

SECURA INSURANCE COS. (A): Dave Gross, SVP underwriting & sales, P.O. Box 819, Appleton, WI 54912-0819, (920) 739-3161.

• Commercial Lines

CNA, Secura, Pennsylvania Lumbermen's Vie for Woodworking

Even with an endorsement from the Architectural Wood Institute (AWI), **CNA** could see some erosion of its share of the specialty ornamental wood industry market as a result of the ongoing soft market. Carriers waiting in the on-deck circle to take a swing at this market include **Secura, ACUITY, Chubb, RSUI** and specialty writer **Pennsylvania Lumbermen's Mutual** (PLM).

As the endorsed carrier of the 3,700-member AWI, CNA puts on a full-court press to writing more middle-market manufacturing risks like woodworkers by providing more authority to regional and branch underwriters to increase pricing flexibility. The carrier has also improved manufacturing-specific risk control services, which plays an increasingly important role in CNA's efforts to get its combined ratio under control. The carrier's combined ratio hit 110 percent last year. In 2004, CNA scored a P&C combined ratio of 100.5 percent. The national carrier sells a complete line of business covers for certified ornamental woodworkers, wholesalers and suppliers. It also offers manufacturers E&O coverage. Other coverages include production equipment, brands and labels, and product recall. CNA also offers boiler and machinery, inland marine and ocean marine, D&O, EPLI and fiduciary liability coverages.

Secura plans to enter at least one more state this year. The Wisconsin-based carrier looks to territorial expansion to pump up its commercial lines business, which represented 57 percent of the carrier's business volume last year. The insurer wrote $182 million in commercial lines business in 2005. In January, the regional carrier entered Arizona, where one agency handles business for the insurer; Pennsylvania, where one agency specializes writing grocery stores; and North Dakota, where the carrier has five agencies under contract. Secura writes all lines, including workers' comp, except in monopolistic North Dakota. Secura sells commercial lines in Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri and Wisconsin. The carrier has about 400 independent agents under contract. Secura covers woodworking accounts with its Wood Products Manufacturers Wrap, which includes $2,500 for patent infringement expense reimbursement; $1,000 per tool/$10,000 aggregate employee tools; $25,000 for dies, patterns and molds; and $25,000 for installation theft of building materials. Secura also offers enhanced special limits of $500,000 for newly acquired or constructed property and $25,000 for pollutant cleanup and removal.

Known primarily as an East Coast commercial writer, PLM begins securing woodworking accounts and other lumber-related risks in Arizona this year. In 2007, the carrier plans to pursue woodworking accounts — which represent about 40 percent of the carrier's 2005 $157 million in gross written premiums — and other wood industry classes of business in Colorado, Nevada, New Mexico and Utah. Last year, PLM entered Kansas, Nebraska, North Dakota and South Dakota. PLM does intend to accept business in all states except California and Texas, although the carrier is already licensed in Texas. This year, PLM aims to once again chalk up a combined ratio under 100 percent and build upon gross written premiums of about $169 million. With a hit rate of about 50 percent on prospective new business, the insurer plans to write about 1,000 new accounts this year. The carrier's renewal rate stands at 88 percent. PLM writes property, casualty and commercial auto coverages. Its premiums average slightly more than $30,000 per account. PLM is one of several markets that **American Wholesale Insurance Group** subsidiary **Woodus K. Humphrey & Co.** uses to place woodworking accounts. **RSUI Indemnity** and **Chubb** are other markets tapped by Humphrey to provide these accounts with package, inland marine and property protection with business interruption coverage.

Territorial expansion helped fuel an increase in woodworking shop business at **ACUITY** last year and, with its move into Kansas and Arizona this year, the insurer's premium volume will likely exceed the $4.8 million it wrote last year. In 2004, ACUITY wrote $4.1 million in premium. The carrier offers $5,000 limits for portable tools including those rented, borrowed and employee owned. The insurer offers $25,000 limits for fire department service charge and $15,000 for pollutant clean-up coverage. ACUITY also writes this business in Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, Wisconsin and Tennessee ACUITY also writes work comp and commercial auto coverages.

MANUFACTURERS

ACUITY GROUP (A+): Ed Warren, SVP commercial lines, 2800 S. Taylor Drive, Sheboygan, WI 53081, (920) 458-9131.

CNA INSURANCE COS. (A): Jan Frank, EVP, CNA North American field operations, CNA Center, 333 S. Wabash, Chicago, IL 60685, (312) 822-5000.

GENERAL CASUALTY INSURANCE CO. (A-): Rich Kalina, SVP Commercial Lines, One General Drive, Sun Prairie, WI 53596, (608) 837-4440.

MAIN STREET MARKETS

ARGONAUT GREAT CENTRAL (A-): John W. Pollak, president, 3625 N. Sheridan Road, Peoria, IL 61633-0001, (309) 688-8571.

GENERAL CASUALTY INSURANCE COS. (A-): Richard Kalina, SVP Commercial Lines, One General Drive, Sun Prairie, WI 53596, (608) 837-4440.

RLI CORP. (A+): Dick Quehl, VP specialty market - personal and commercial lines, 9025 N. Lindbergh Drive, Peoria, IL 61615, (309) 692-1000.

• Commercial Lines

Targeting Small Manufacturers...

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The insurer focuses on metal fabrication, machine shops, sheet metal workers, food processors, printers; manufacturers of furniture, steel and related products; as well as industrial patterns, pumps, pumping equipment and commercial lighting fixtures. Other classes CNA can accommodate include machinery manufacturers, ornamental woodworkers and manufacturers of bail, roller bearings, machine tools, motors/generators and plastic fabricators. CNA agents have access to standard property, equipment breakdown including production equipment, brands and labels and product recall with and without profits. The insurer offers manufacturers errors and omissions and manufacturers consequential loss, business interruption and electronic data processing hardware coverage. CNA also offers specialty coverages such as D&O, EPLI and fiduciary liability.

Regional player **General Casualty** targets food processors and metalworkers, and last year broadened the eligibility for manufacturing operations to include plastics manufacturers. With an interest in writing well-managed manufacturing accounts in new or renovated facilities, General Casualty last year amassed a commercial lines combined ratio of 96.9 percent. The carrier's packages includes $300,000 aggregate limit for products and completed operations coverage and optional water back up of sewer or drain limits at $5,000, $10,000, $15,000, $20,000, $25,000 and $30,000. General Casualty also offers optional earthquake protection. More than 1,500 General Casualty independent agencies sell the carrier's Commercial Marketplace Policy and Comprehensive Insurance Policy, as well as commercial auto coverage in Alabama, Arkansas, Connecticut, Georgia, Illinois, Indiana, Iowa, Kansas, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Nebraska, New York, North Carolina, North Dakota, Ohio, Pennsylvania, South Carolina, South Dakota, Tennessee, Virginia and Wisconsin. In most states, the carrier offers separately written workers' comp.

Manufacturing and processing risks rank high on the eligibility list for **ACUITY**'s Comco Policy. ACUITY wrote $58.5 million in 2005 manufacturing premiums compared to $46.2 million in 2004. Its entry into Kansas and Tennessee and the introduction of enhancements last year to the Comco Policy helped pump up these sales. Last year, concrete product manufacturers generated $12 million in premium followed by $5.4 million from machine shops, $4.9 million from woodworking shops, $3.9 million from plastics, $2.5 million from logging and lumbering, $2.2 million from food processing, $2.2 million from saw mills, $1.7 million for foundries and $1.7 million for dairy products manufacturing. All other classes of manufacturing risks produced $11 million in premium. The insurer provides $15,000 for transit, $15,000 for pollutant clean-up and $25,000 for power failure, changes in temperature or humidity coverage.

Possibility of Reinsurer Acquisitions Pop Up on Radar Scope...

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The mid-sized French reinsurer also considers selling its interests to the $3 billion strong Stone Point investor consortium, consisting of **Hellman & Friedman, Vestar Capital Partners, Crestview Capital Partners, ABN Amro and New Mountain Capital.**

The AXA/Stone Point deal may set in motion other acquisitions of troubled Bermuda-based reinsurance companies by newly formed off-shore reinsurers. In January, start-up **Validus Re**, with $1 billion in capital, opened up operations writing $220 million in property, marine, energy and specialty lines premiums. The $1 billion consortium **Lancashire** also might be enticed to acquire books of business of existing reinsures in financial distress. Potential acquisitions could involve several Bermuda companies that have had seen their ratings slip, such as **Olympus Re, Alea,** and **PXRE**. Bermuda property excess reinsurance Olympus Re watched its A.M. Best rating downgraded to B+ from A- last September and again in late March to B from B+. The reinsurer's capital shrank from $500 million in 2001 to about $188 million as of last January, with most of this decrease stemming from catastrophe losses. Already in run-off, Alea Group was tagged with a $178.9 million in 2005 losses and saw its rating drop to B++ from A-.

After losing 33 percent of its January renewal clients, PXRE in April asked major credit rating agencies to withdraw all ratings of the company's financial strength and claims paying ability after the troubled Bermuda company's AM Best rating was lowered to B+ from A-.

CALIFORNIA APARTMENT BUILDINGS

CENTURY SURETY INSURANCE CO. (A-): Christopher J. Timm, president/COO, P.O. Box 163340, Columbus, OH 43216-3340, (614) 895-2000.

CLARENDON AMERICA INSURANCE CO. (A-)/INSURANCE CORP. OF HANNOVER (A-)/SIRIUS AMERICA INSURANCE CO. (A): Richard Trezza, president, PGI Commercial Insurance Brokerage LLC, 65 Madison Ave., Morristown, NJ 07960, (800) 834-2109.

CRUSADER INSURANCE CO. (B+): Sandra Starks, marketing manager, Unifax Insurance Services, 2325 Mulholland Drive, Woodland Hills, CA 91364, (800) 669-9800.

ST. PAUL TRAVELERS (A+): Marc Schmittlein, president/CEO, Select Accounts, One Tower Square, Hartford, CT 06183, (800) 277-0111.

• Commercial Lines

Big Marina Writer Creates Combined Marina, Property Policy

Great American moves to maintain its status as one of the largest marina writers in the United States by offering its Marina Composite Policy, which places marina covers and property covers under one composite-rated policy. This combined policy allows insureds to deal with one underwriter rather than having to purchase two separate policies. Great American's competitors aren't sitting idly by either, as **New Hampshire Insurance**, through managing general agency **Maritime General Agency**, explores the development of new products as well. **Essex** and **International Marine Underwriters** also cover marinas.

Despite property rates in coastal areas climbing at an accelerated rate, the average increase in package rates for marinas has been modest, somewhere in the single digits. One reason is because regional competition among national carriers puts downward pressure on pricing. Also, a rivalry is growing between several carriers for marinas that don't have too great a wind exposure.

Great American's new policy also includes a number of enhancements geared toward both boat dealers and marina operators. The carrier, where Capt. **Ed Wilmot** is Ocean Marine VP, includes in its Marina Composite Policy coverage for marina operator legal liability, protection and indemnity for all covered operations, owned watercraft and general liability. Other available coverages include docks and yacht brokers' legal liability. Some of the enhancements made to Great American Ocean Marine's marina owner legal liability include a blanket limit at all locations and an expanded 100-mile radius from the insured's premises, up from a 25-mile radius, including any location where the insured is performing repairs. The policy also changes the vessel definition from private "pleasure craft" to "watercraft" because some marinas repair commercial vessels such as charter boats and fishing boats. P&I enhancements include added coverage for collision with another vessel, optional crew coverage and optional rental boat buyback coverage. GL provisions have extended the insured's liability while an owned watercraft is on the premises of others, such as at exhibitions or repair facilities. Optional endorsements include a limited pollution coverage endorsement, a false-pretense extension with a $25,000 limit, truth in lending with a $100,000 limit, titles E&O to a $25,000 limit, coverage for signs and electronic data processing equipment and stop-gap employees liability in certain states.

Maritime General Agency looks into the development of a pollution liability product and investigates the possibility of D&O and EPLI products. The MGA for New Hampshire Insurance's recreational marine line of business provides coverage for GL, property and marina operators' legal liability. Maritime General is a full lines company for marinas and offers cover for GL, property, marina operators' legal liability, protection and indemnity, commercial auto, bumbershoot umbrella and worker's comp in most states. GL limits go to $1 million/$2 million, but can go higher with umbrella coverage. Minimum premiums are $5,000, while minimum deductibles are $1,000. Maritime General writes mostly on admitted paper, with some limitations in the coastal Southeast, where it can write on an E&S basis. Maritime General will not write marinas with heavy commercial exposures.

Essex sees solid increases to its book of business, with the premium volume for marinas growing at least 20 percent during each of the past three years. The carrier, where **Michael Keely** is ocean marine product manager, rarely goes to reinsurance because its targeted clients are not looking for limits in excess of $5 million. The Markel Corporation Group has broadened its scope with marinas to now include non-marine exposures at facilities such as campgrounds, pools, cabin rentals, RV storage, grocery stores, volleyball courts and restaurants as part of its package. Essex offers commercial GL, marine operators legal liability, marina operators' protection and indemnity, and cover for care custody and control. Most GL limits at Essex go to $1 million/$2 million. The minimum deductible on liability and property is $1,000. Essex writes marinas on nonadmitted paper in all states except Delaware. In Delaware, it uses the paper of companion company **Evanston**. Essex will cover just about any type of marina, including new facilities and those with a loss history. It doesn't provide work comp or commercial auto.

International Marine Underwriters, where **Robert C. Gallagher** is president, provides cover for marina operators' liability, commercial GL, all risk coverage for property, business income and extra expense, physical damage and liability coverage for owned watercraft including workboats and rental boats, employee dishonesty and flood and earthquake damage. The **OneBeacon Insurance Group** member company includes in the GL coverage products liability, completed operations and contractual liability, while the all-risk cover for property includes dealer inventory, piers, wharves, docks and miscellaneous equipment. Minimum premiums start at $2,500, while deductibles start at $1,000.

REINSURANCE ACQUISITIONS

AXA REINSURANCE CO. (A): Hans-Peter Gerhardt, CEO, 39 rue du Colisée, 75008, Paris, France, +33 1 56 43 90 00.

STONE POINT CAPITAL LLC: Charles A. Davis, CEO, 20 Horseneck Lane, Greenwich, CT 06830-6327, (203) 862 2900.

• Workers' Comp

Insurers to Push For More Reform In Illinois Comp

Expect Illinois legislators and insurers to fine tune comp reform when the state legislature meets next fall. It's too late this year to act on recently revealed information that last year's comp reform will not produce the expected medical cost savings. The Illinois comp market is currently soft and some say it is the result of reform.

However, some brokers privately complain that too many comp discounts are keeping prices too low. Analysis by the NCCI has convinced the American Insurance Association (AIA) that Illinois' medical fee schedule will not yield the anticipated savings, a blow to the heart of last year's reform efforts. The AIA warned about that possibility last year, even before the ink was dry on the Prairie State's reform laws.

The flawed legislation was Illinois' first attempt at serious reform in 20 years but relied on a new medical fee schedule that involved an unproven method for calculating reimbursement rates based on provider charges. It also devised a 29-region, zip code-based fee schedule in the state. The majority of states have three to four regions. The NCCI determined that this schedule would result in a tiny .2 percent savings in medical fees. These 29 different fee regions may also motivate providers to choose to work in a zip code that offers higher reimbursement levels. The AIA has suggested that one alternative may be basing a fee on the Medicare system, a method used in many states. This approach provides a more accurate measure of costs savings.

New Wet and Dry Comp Codes...

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Expect national carriers such as **AIG** and **Sea-Bright Insurance**, which opened an office in Tampa late last year to market more wet and dry comp business, to carefully watch for application of these new codes in other states. AIG is the domestic market leader for USL&H and LIG Marine Managers in Florida is the carrier's largest marketer for wet comp. AIG and LIG look for strong growth following the expansion of their monoline land-based comp for marine-related accounts last year in Florida, Georgia, Mississippi, North Carolina, South Carolina and Virginia. The other NCCI code, 6004, covers land pile driving with initial rates of $38.24 for $100 of payroll.

Increased numbers of carriers and self insurers lined up last year for approval to write USL&H comp across the country. The program approved this year to write USL&H was **Metro Cruise Services LLC**, which got the green light in Jan. Last year, 13 carriers or self insured programs gained approval to write USL&H coverage nationwide. Sources approval later in the year included **Patriot General Insurance, Ports Insurance, Dolphin Services LLC, Gulf & Atlantic Maritime Services LLC, Nautilus International Holding Co., R.O. White & Co.** and **Southport LLC.**

On the West Coast, growing California writer **Employers Direct Insurance** becomes the latest carrier to gain Federal Department of Labor approval to write USL&H coverage. Employers Direct gained the approval last month. Employers Direct typically looks for a minimum premium of $100,000. The carrier is not rated but taps Swiss Re, rated A+ by A.M. Best, for reinsurance.

ALASKA COMP

ALASKA DIVISION OF INSURANCE: Linda S. Hall, director, Ninth Floor State Office Building, P.O. Box 110805, Juneau, AK 99811, (907) 465-2515, fax (907) 465-3422.

ALASKA NATION INSURANCE CO. (A): 7001 Jewel Lake Road, Anchorage, AK 99502, (907) 248-2642, fax (907) 248-2642. San Francisco: 450 Sansome St., Suite 700, (415) 248-5030, fax (415) 248-5030. Seattle: 1111 Third Ave., Suite 2600, Seattle, WA 98101, (206) 292-6360; (800) 292-0588, fax (206) 515-0311.

ANCHORAGE HOME BUILDERS ASSOCIATION: Vicki Portwood, executive officer, 8301 Schoon St., Suite 200, Anchorage, Alaska 99518, (907) 522-3605, fax (907) 522-3757.

OCCUPATIONAL ACCIDENT CAPTIVE

COACH INDUSTRIES GROUP INC.: William Needham, 12330 S.W. 53rd St., Suite 704, Cooper City, FL 33330, (954) 622-1400, fax (954) 680-7943.

ZURICH AMERICAN INSURANCE CO. (A)/AIG (A+)/GREAT AMERICAN INSURANCE CO. (A): Wayne Schooling, NorthAmerican Transportation Association, 2533 Carson St., Suite 346 Carson City, NV 89706, (800) 805-0040, (562) 279-0557.

ZURICH AMERICAN INSURANCE CO.(A): Owner Operated Independent Driver Association, Brenda Smith, medical group benefits, Owner-Operator Insurance Services Inc., NW OOIDA Drive, Grain Valley, MO 64029, (816) 229-5791, (800) 444-5791.

NEW CODES, USL&H COMPETITION

AIG (A+): Ian R. Greenway, president, LIG Marine Managers Inc., 9600 Koger Blvd., Suite 225, St. Petersburg, FL 33702, (727) 578-2800, fax (727) 578-9977.

SEABRIGHT INSURANCE CO. (A-): Dean Rappleye, assistant VP, national marketing director, Box 91100, Seattle, WA 98111, (206) 269-8504, fax (206) 269-8903.

FLORIDA MARINE CONTRACTORS ASSOCIATION: Michael McCartney, president, American Marine Construction, 424 S.E. 47th Terrace, Cape Coral FL, 33904, (239) 945-7759, fax (239) 945-4191.

EMPLOYERS DIRECT INSURANCE CO. (Not Rated): James E. Little, president, Box 5043, Thousand Oaks, CA 91359, (818) 575-8500.

• Workers' Comp

Captive Challenges Occupational & Health Writers for Fleets

Look for a new captive formed by **Coach Industries Group** to provide occupational accident cover to courier transport fleets to give existing occupational and accident writers a run for their money. AIG's **Lexington Insurance** is a major player in occupational accident coverage, a protection that works as an alternative for work comp, although occupational accident protection is more limited than mainstream work comp.

AIG, **Zurich** and **Great American** take various paths into the marketplace for occupational accident coverage and all three can access this market via the NorthAmerican Transportation Association (NTA), which counts more than 2,000 member/employers covering small to medium transportation-related private fleets, trucking companies and independent owner operators. **Wayne E. Schooling** is director of the NTA, which expects to soon provide online United States Department of Transportation Safety courses as an easily accessible risk management tool. The association signs up one new member to its occupational accident program each week. Occupational accident coverage works for single-person accounts, and in many states work comp is not mandatory for one-person businesses such as trucking, artisan contractors and other owner-operator operations. Look for the new captive to offer the occupational accident cover to the more than 7,000 independent fleet courier contractors that are supported by service provider SubContracting Concepts Inc., a wholly owned subsidiary of Coach.

The Owner-Operated Independent Driver Association (OOIDA), working through the **Owner-Operator Services,** its insurance agency, sees a steady stream of its more than 140,000 members signing on for occupational accident cover. This coverage is written on Zurich paper. CSL limits are offered at $500,000, $1 million and $2 million. OOIDA's plans offer coverage for accidental medical, accidental dental expenses, disability income and accidental death and dismemberment. It also offers limited medical, dental and life benefits for non-occupational accidents. One of Owner-Operator Services' programs targets Texas residents exclusively and meets the specific requirements of the state's trucking deregulation law passed in 1995.

Coach Industries expects its new captive to chalk up more than $6 million in premiums in the next year through careful underwriting and claims management. The captive's organizers expect the new entity will cut costs and reserve over 63 percent of collected premiums — about two percent more than typically reserved by most carriers that offer accident coverage for commercial fleet operators. Historically, SCI experienced a loss ratio of less than 50 percent on this type of coverage.

Coach Industries makes, sells and provides specialty vehicles such as limousine buses, Lincoln Town Car limousines and Ford Excursion limousines. The company also offers fleet financial services such as leasing, financing, and payroll services.

Administrators Study New Comp Self Insurance Idea for Alaska

Work comp administrators nationwide keep an eye on Alaska, where a debate is raging over whether to permit businesses in similar industries to form self insurance groups (SIGs), a practice approved in most states. If ratified, the new law would certainly bring new business for administrators currently working in the state or those who may consider expansion there to develop new groups. The Alaska Division of Insurance, however, opposes the issue. The Anchorage Homebuilders Association is a major force behind the proposal. **Alaska National Insurance Co.** dominates this market, writing about 37 percent of the state's $300 million comp market.

Contractors and truckers are lobbying the legislature to provide the ability to form groups based on similar industries to give them options to mainstream market comp. The state already permits comp to be offered by reciprocals and several reciprocals provide comp to specific industries such as lumber codes. But these organizations are required to keep $1.5 million in funds contributed by members to protect against losses. The proposed bill has no such requirements, triggering fears that an SIG might be more susceptible to failure.

ILLINOIS REFORM

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• Commercial Lines

Carriers Target Main Street Risks with Changes to Coverages

RLI, Argonaut Great Central, and **General Casualty** look to drive up premium volume in small and mid-sized main street business while controlling losses. To do so, they are making changes, from turning to independent agents to submit business to increasing eligibility and rolling out new products.

Identifying that its competitors under serve rural areas, **RLI** rolls out in Illinois its Business District Policy. The national insurer, which historically has depended on regional administrators to generate business, will for the first time rely on independent agencies to submit business. The minimum premium for the Business District Policy is $500. The carrier will introduce the business owner's policy in other states throughout the year. Its leap into the standard commercial lines segment is a notable change for RLI, which is better recognized as a premier specialty insurer. The insurer offers property and casualty covers for limited-service hotels, neighborhood taverns and bars, petroleum distributors, LPG dealers, and family-owned restaurants.

RLI's decision to use independent agencies may pay off handsomely for the carrier as the national independent agency distribution system in 2003 and 2004 pulled in $39.5 billion in new commercial lines and personal lines premium. RLI, like other main street insurers, also looks to an online submission system to hold down overhead and screen out potentially unprofitable business. So far this year, RLI has seen a spike in its combined ratio. For the first three months, the insurer's combined ratio shot up to 87.5 percent in comparison to 78.8 percent during Q1 2005.

Established writer **General Casualty** looks to capitalize on a 17 percent increase in new commercial business accounts last year with further increases in this business. This year, the Midwestern carrier increased eligibility guidelines for its Commercial Marketplace, the insurer's business owner's policy. Effective April 1, the carrier doubled per-location property values up to $10 million; doubled retail, service or wholesale risk with a property value up to $8 million; and tripled service operations with sales per location up to $6 million. In addition, General Casualty will insure any apartment or condominium risks up to 12 units per location whereas the carrier previously limited its coverage of habitation risks to those with more than 12 units per location.

In April, the carrier also added online commercial auto quotation, submit and bind capabilities for 1,500 appointed agencies. Agencies can now submit via the Internet all commercial coverages to General Casualty, including Commercial Marketplace, commercial auto, contractors and work comp. The carrier operates in Alabama, Arkansas, Connecticut, Georgia, Illinois, Indiana, Iowa, Kansas, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Nebraska, New York, North Carolina, North Dakota, Ohio, Pennsylvania, South Dakota, Tennessee, Virginia and Wisconsin.

Less than a month after specialty writer **Argonaut Great Central** rolled out its Great Protector Series business owners policy to complement its profitable Select Accounts commercial package policy, the Texas based carrier expands the product availability to all states except Alaska, Hawaii, New Hampshire and Vermont. The carrier initially introduced the Great Protector Series into Connecticut, the District of Columbia, Delaware, Idaho, Massachusetts, Maine, Montana, New Jersey, New Mexico, New York, Texas, Utah, Virginia, Washington and Wyoming. The Great Protector Series provides specialized coverage for restaurants, hotels and motels, grocery stores, convenience stores, strip shopping centers, laundries, dry cleaners, local union halls and religious institutions. Argonaut Great Central parent company Argonaut Group grossed $1 billion in premium last year on a combined ratio of 98.7 percent.

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